

ADVANTAGES OF A STATE CHARTER

While this list is not all inclusive, it should provide a general understanding of some of the advantages of being a state-chartered savings bank in Louisiana.

- Accessibility/Expeditious Treatment - OFI personnel are very accessible. This promotes better communication and allows savings bank executives to talk directly to decision makers. We consider and respond to requests in a timely and efficient manner.
- Lower Cost – As indicated below, state-chartered savings banks pay a lower assessment than federally-chartered thrifts.

Average Assets	OFI Annual Assessment	OTS Annual Assessment*	OFI Annual Assessment as % of OTS
\$25 million	\$9,600	\$12,450	77%
\$50 million	\$15,500	\$20,815	74%
\$100 million	\$25,000	\$33,870	74%
\$200 million	\$39,100	\$56,190	70%
\$500 million	\$69,500	\$110,428	63%
\$1 billion	\$97,100	\$199,708	49%
\$5 billion	\$229,500	\$771,066	30%
\$15 billion	\$524,600	\$2,017,196	26%

*The OTS may assess additional charges if an association is considered to be in a troubled condition or if it meets the criteria of a complex association.

- ACSSS Affiliation - OFI is an active member of the American Council of State Savings Supervisors (ACSSS), which is a nationally-recognized organization comprised of state thrift regulators and affiliated industry executives. ACSSS is dedicated to the protection and enhancement of the dual chartering system and state thrift industry. Chief Examiner Sid Seymour has served on the Board of Directors of ACSSS since 1991 and is currently Chairman.

- Local Supervision - OFI examiners live in the area in which they work. They know the people and understand their concerns. As a result, they are familiar with the issues affecting local communities.
- Outreach - OFI personnel regularly participate in meetings around the state where participants can engage in meaningful dialogue with top OFI officials. OFI also periodically sponsors a Commissioner's Conference that participants find very beneficial.
- State Parity Statute - Louisiana has a broad parity statute. LSA-R.S. 6:1222 (11) states:

Any provision of this Chapter to the contrary notwithstanding, and subject to the commissioner's regulations, any savings bank may make any loan or investment or engage in any activity which it could make or engage in if it were organized under state law as a bank, savings and loan association, or other financial institution, or under the laws of the United States for national banks, federal savings and loan association, or other financial institutions whose principal offices are located within this state.

Furthermore, state-chartered savings banks and their subsidiaries are allowed great flexibility regarding certain investments and activities under Part 362 of the FDIC Rules and Regulations, provided these activities do not present a risk to the insurance fund or pose a safety and soundness concern.

- State Governance - Louisiana state-chartered savings banks are regulated according to state laws, rules, and regulations. Like other states, Louisiana laws are structured to meet the unique needs of the citizens of the state. Federal laws, by their nature, must apply to institutions from many various regions and many different circumstances. Statutes affecting Louisiana state-chartered savings banks are enacted by the state legislature, which is more sensitive to local needs and conditions than the U.S. Congress. Through contacts with the state legislature and the Governor, savings bank executives have considerably more opportunity to affect policy at the state level than at the federal level.

- Financial Modernization - As savings banks expand their products and services, Louisiana state-chartered savings banks are in a unique position for the following reasons.
 - (1) In addition to the Depository Institutions Division, the Office of Consumer Services, the Office of Securities, and the Certified Capital Companies Program are housed within the same agency; and
 - (2) OFI has developed a good working relationship with the Louisiana Department of Insurance (DOI). Deputy Commissioner Doris Gunn serves on the Financial Services Modernization Task Force to foster continued open communications between the two agencies as a result of financial modernization.
 - (3) In addition to the Department of Insurance, OFI works with the Department of Economic Development, the Department of Agriculture, and the Louisiana Economic Development Corporation, among others, to foster economic development in Louisiana.
- Multi-State Operations
State-chartered savings banks in Louisiana have the authority to operate on a multi-state basis. This allows for consistency of such things as interest rates, lending limits, and corporate governance laws. As "home state" regulator, OFI is the single point of contact for all information on major issues such as branching, examination issues, governing laws, etc.
- Experience/Training - OFI field examiners have an average experience level of approximately 13 years. In addition, a number of them are graduates of the LSU Graduate School of Banking, and/or hold CPA certificates. Personnel from the field and main offices concentrate in specialized areas of examination such as insurance, trust, holding companies, venture/mezzanine financing, information technology (IT), Bank Secrecy Act (BSA), and securities.

- Statewide Offices - In addition to the main office in Baton Rouge, OFI has six field offices located in key areas across the State. The locations are: Alexandria, Baton Rouge, Lafayette, Monroe, New Orleans, and Shreveport. Personnel in all OFI offices are always available to answer questions and discuss issues.
- Cooperative Agreements - OFI has entered into agreements with other states to utilize their examiners, if necessary, in order to examine out-of-state branches of a Louisiana domiciled savings bank. There are no additional fees associated with the examination of these branches.
- Joint Examination Process - In order to reduce the burden on state-chartered savings banks and holding companies, OFI has entered into agreements with both the FDIC and the FRB to perform joint examinations, whereby each agency supplies examiners as part of the examination team, and a single examination report is issued.
- Certification/Accreditation - All OFI examiners are certified and the department is accredited by the Conference of State Bank Supervisors (CSBS), the national accrediting agency for state banking departments. Attesting to the department's ability to meet rigid examination and operational requirements, OFI was awarded its second five-year reaccreditation by CSBS on January 27, 2000. This same organization provides timely information and offers a wide range of services to its members nationwide.
- Training - OFI personnel are available to savings banks and trade associations who are in need of technical assistance in areas where our personnel have extensive knowledge and training. This interaction between examiners and industry representatives provides valuable insight to both OFI and the industry.
- Examination Related Issues – State-chartered savings banks utilize the FDIC Call Report, rather than the OTS Thrift Financial Report. State-chartered savings banks deal with OFI and the FDIC. **The OTS has no supervisory authority over state-chartered savings banks.**

The holding company of a state-chartered savings bank has the option of being regulated by the OTS or the FRB. State-chartered savings banks retain the tax advantage of S&Ls. State-chartered savings banks have a broader scope of investment powers, particularly in the commercial lending and non-residential mortgage lending areas. State-chartered savings banks have higher legal lending limits than S&Ls.

- www.ofi.state.la.us - OFI maintains a Web site for the benefit of the general public and the institutions it regulates. The site contains a variety of information including quarterly banking industry status reports and contact information. In addition, various application and notification forms are available for download. Helpful links to the Web sites of the FDIC, FRB, CSBS, ACSSS, and various state and national banking associations are also provided.

For more information, contact:

Doris B. Gunn, Deputy Commissioner
dgunn@ofi.state.la.us

or

Sidney E. Seymour, Chief Examiner
sseymour@ofi.state.la.us

or

Joseph P. Gardner, Deputy Chief Examiner
jgardner@ofi.state.la.us

Revised 6/8/04

Advantages of a State Charter



State of Louisiana Office of Financial Institutions

**P.O. Box 94095
Baton Rouge, LA 70804-9095
(225) 925-4660**

**www.ofi.state.la.us
ofila@ofi.state.la.us**

**John Ducrest, CPA
Commissioner of
Financial Institutions**

**Kathleen Babineaux Blanco
Governor**